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October 29, 2003

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, D.C. 20554

Re: CC Docket No. 96-45

Dear Madam Secretary:

On behalf of the Rural Cellular Association, we have attached a position paper regarding service area redefinition for inclusion in the record of the above-captioned proceeding.

Over the past several years, a number of states, including Minnesota, Colorado, Arizona, New Mexico, Washington and Maine have properly interpreted the FCC's rules regarding how to define service areas for competitive eligible telecommunications carriers. These states also understand fully the important role that disaggregation of incumbent local exchange carrier support plays in ensuring that high-cost support is properly targeted to consumers living in the highest cost areas of rural America.

We hope that this paper advances the debate. Should you have any questions, please contact undersigned counsel directly.

Sincerely,

David Nace
David A. LaFuria
Counsel for Rural Cellular Association

Enclosure
cc: Joint Board Members and Staff

ENCLOSURE

Service Area Redefinition
A Sensible Approach to Promoting the Twin Goals of
Advancing Universal Service and Facilitating Competition

In the 1996 Act, Congress established a process for defining a service area as something other than a rural telephone company's study area to enable a competitor to be designated as an eligible telecommunications carrier ("ETC"). This process, known as service area redefinition, is critical for the advancement of universal service and the introduction of competition in all telecommunications markets. Yet, in competitive ETC ("CETC") designation proceedings across the country, service area redefinition has proven to be one of the more difficult issues for regulators to understand and implement. This paper seeks to explain the service area redefinition process, with specific attention devoted to concerns regarding "cream skimming" and "uneconomic support".

As the Federal-State Joint Board on Universal Service ("Joint Board") considers this issue in the context of its ongoing universal service review, it is important to note that the Commission has before it several petitions from states to redefine rural incumbent local exchange carrier ("ILEC") service areas so as to permit a CETC to enter a market, some of which have been pending for over a year.[1] This paper will attempt to outline the problem and propose solutions that advance universal service, facilitate competitive entry, and ensure that no carrier is unfairly disadvantaged.

I. Background

Section 214(e)(5) of the Act provides that a CETC service area is defined as the ILEC's study area unless and until the state commission and the FCC, taking into consideration any recommendations from the Joint Board, redefine the ILEC's service area to be something other than its study area. Service area redefinition is necessary to advance universal service and permit competitive entry because no other class of telecommunications carrier is licensed along ILEC boundaries.[2]

Shortly after the 1996 Act, the Joint Board discussed factors to be considered when redefining ILEC service areas:

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[1] *See, e.g.*, Petition by the Colorado Public Utilities Commission, Pursuant to 47 C.F.R. § 54.207(c), for Commission Agreement in Redefining the Service Area of Wiggins Telephone Association, a Rural Telephone Company, CC Docket No. 96-45 (filed May 30, 2003); Petition by the Public Utilities Commission of the State of Colorado to Redefine the Service Area of Delta County Tele-Comm, Inc., Pursuant to 47 CFR § 207(c), CC Docket No. 96-45 (filed Sept. 13, 2002); Petition of RCC Minnesota, Inc., for Redefinition of Rural Telephone Company Service Areas, CC Docket No. 96-45 (filed June 24, 2003); Petition of the Minnesota Public Utilities Commission for Agreement With Changes in Definition of Service Areas for Exchanges Served by CenturyTel et al., CC Docket No. 96-45 (filed July 8, 2003).

[2] For example, carriers in the Cellular Radiotelephone Service are licensed along MSA/RSA boundaries and, under the FCC's "unserved area" process, often have individual cell sites licensed in a rural area that are not contiguous with any commonly defined boundaries. PCS carriers are licensed along MTA/BTA boundaries. ESMR operators are licensed on a site-by-site-basis.

1. Whether the proposed service area redefinition raises concerns that the CETC is cream skimming;

2. Whether the proposed service area redefinition will place an undue administrative burden on the ILEC; and

3. Whether the ILEC's status as a rural telephone company will be affected.[3]

In 1998, the Joint Board convened a Rural Task Force ("RTF") to study improvements in the universal service system for rural carriers and potential new entrants. Among its tasks, the RTF took up the question of how to minimize the possibility of CETCs receiving uneconomic support while encouraging competitive entry.

One obvious solution to the mismatch of ILEC and CETC boundaries was to have ILECs reallocate support away from low-cost portions of their study areas and into high-cost portions of their study areas.[4] Given that CETCs often cannot serve throughout an ILEC study area, it follows that when a CETC enters, it should not receive uneconomic levels of support if its licensed area is limited to low-cost, or high-cost portions of an ILEC study area.[5] When an ILEC properly allocates support, it provides a CETC with an appropriate incentive to extend facilities to high-cost portions of a study area wherever possible.[6] It also reduces or eliminates potential harm to an ILEC when a CETC proposes to serve less than the ILEC's study area.[7] The RTF left the specifics of determining the method and granularity of disaggregation to the Commission.

In its 2001 *Fourteenth Report and Order*,[8] the FCC provided ILECs with the three options to disaggregate support recommended by the Joint Board. Upon submission of a

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3 *See Federal-State Joint Board on Universal Service, Recommended Decision,* 12 FCC Rcd 87, 180 (Jt. Bd. 1996) ("*Recommended Decision*").

4 *See Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, Rural Task Force Recommendation to the Federal-State Joint Board on Universal Service (rel. Sept. 29, 2000) ("*RTF Recommendation*") at pp. 33-36.

5 *See* Disaggregation and Targeting of Universal Service Support: Rural Task Force White Paper (Sept. 2000), available at http://www.wutc.wa.gov/rtf (RTF White Paper #6") at p. 5.

6 One thing the RTF did *not* recommend was for the CETC to be required to propose an ETC service area that represents 100% of its licensed service area within the state.

7 *See* RTF White Paper #6 at p. 6 ("[T]here is reasonable consensus that disaggregation of universal service support into smaller geographic areas furthers the goals of the 1996 Act by benefiting the highest cost rural customers and enabling competitive entry").

8 *Federal-State Joint Board on Universal Service Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking*, 16 FCC Rcd 11244 (2001) ("*Fourteenth Report and Order*").

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disaggregation plan under either Path 2 or Path 3, it was the Joint Board's intent that a CETC licensed in a combination of low- and high-cost areas would receive high levels of support only for those customers with a billing address in the high-cost areas. Conversely, Path 1 provided a no-disaggregation alternative for those rural ILECs that believed it to be unnecessary, leaving ILECs the option to request Path 2 disaggregation upon competitive entry.

On or before May 15, 2002, ninety percent of the roughly 1300 rural ILECs chose Path 1, that is, they chose not to disaggregate support. Thus, in many cases where a CETC has entered, or is poised to enter, support continues to be available to the CETC in a single per-line amount throughout the ILEC's study area. If a study area is relatively homogeneous, this is not significant. However, where a study area's characteristics vary and the CETC is not licensed throughout an ILEC's study area, the CETC is either receiving more high-cost support than is appropriate (if it is licensed only in low-cost areas) or is receiving less support than is necessary (if licensed only in high-cost areas).

The rules adopted in the *Fourteenth Report and Order* envisioned the need for corrective action where an ILEC's initial Path selection proved to be inadequate. While providing that disaggregation plans would be effective for five years from the May 15, 2002, effective date, the new rules also allow ILECs, upon petition, or state commissions on their own motion, to disaggregate support further if necessary to correct any unanticipated cost imbalances.[9]

II. Service Area Redefinition in Practice

On several occasions since the adoption of the FCC's service area redefinition rules, the FCC has concurred with states that have redefined rural ILEC service areas to enable competitive ETCs to be designated throughout their licensed service area. For example, in 1999, the FCC concurred with a proposal by the Washington Utilities and Transportation Commission and roughly 20 rural ILECs both to disaggregate support and to redefine each of the ILECs' service areas along wire center boundaries.[10] The FCC similarly granted its concurrence with proposals to redefine ILEC services areas in Arizona and New Mexico to enable a wireless competitor to roll out service to Native Americans,[11] and with the Minnesota Public Utilities Commission's

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9 *See* 47 C.F.R. §§ 54.315(b)(4); 54.315(c)(5); 54.315(d)(5).

10 *See Petition for Agreement with Designation of Rural Company Eligible Telecommunications Carrier Service Areas and for Approval of the Use of Disaggregation of Study Areas for the Purpose of Distributing Portable Federal Universal Service Support, Memorandum Opinion and Order,* 15 FCC Rcd 9924, 9927-28 (1999).

11 *See Smith Bagley, Inc. Petitions for Agreement to Redefine the Service Areas of Navajo Communications Company, Citizens Communications Company of the White Mountains, and CenturyTel of the Southwest, Inc. on Tribal Lands within the State of Arizona,* DA 01-409 (WCB rel. Feb. 15, 2001); *Smith Bagley, Inc. Petitions to Redefine the Service Area of Table Top Telephone Company on Tribal Lands within the State of Arizona,* DA 01-

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proposal to redefine the service area of Frontier Communications, Inc. Last year, the FCC concurred with the Colorado Public Utilities Commission's proposal to redefine the study area of CenturyTel of Eagle, Inc. Other states, including Maine, Minnesota, West Virginia and Wisconsin, have similarly concluded that service area redefinition is appropriate.

To date, most ILECs that have gone through the service area redefinition process have had their single service area reclassified into multiple service areas, along wire center boundaries. In some cases, exchange boundaries have been used. Wire center or exchange boundaries are used primarily because they are familiar to the ILEC and are small enough to permit competitors in most instances to enter discrete territories. In addition, wire center or exchange area maps are generally available to permit regulators, incumbents, newly designated ETCs and subsequent entrants to easily understand the new service areas.[12]

III. Reducing the Possibility that ETCs Will Cream Skim or Receive Uneconomic Support.

Two important public policy objectives must be pursued in the service area redefinition process. First, ensure that the incumbent is treated fairly by avoiding regulation that results in competitors having an opportunity to cream skim or otherwise receive uneconomic support. Second, enable competitors to enter throughout their licensed territories so that they do not have unnecessary barriers to entry or other costs that cause segmentation of their business.

In analyzing how to minimize cream skimming and uneconomic support, it is important to note that cream skimming is an intentional choice by a competitor to only serve low-cost areas. In ETC designation cases across the country, it has never been shown, and rarely even alleged, that a competitor is "picking and choosing" to enter only low cost areas of an ILEC in an attempt to improperly garner high-cost support.[13] This is because substantially all CETCs have to date proposed to serve throughout their licensed territory.

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814 (WCB rel. April 2, 2001); *Smith Bagley, Inc. Petitions to Redefine the Service Area of CenturyTel of the Southwest, Inc. in the State of New Mexico*, DA 02-602 (WCB rel. March 13, 2002).

[12] Occasionally, disagreements over wire center or exchange boundaries have presented problems for states because competitors often do not have access to updated or accurate ILEC maps, which are not always on file with state commissions. Many maps have not been produced in a format that enables electronic duplication or the ability to overlay boundaries on a political map to properly orient a reader unfamiliar with ILEC telephone plant.

[13] Even if a CETC desired to cream skim (when an ILEC does not disaggregate support), a CETC does not have the information necessary to do so. Without detailed network cost information that is proprietary, unpublished, and available only to ILECs, a competitor cannot identify specific territory within an ILEC service area as being low-cost or high-cost. Where an ILEC does disaggregate support, it does not matter where a competitor enters because if done properly, disaggregation provides the appropriate level of support in each area.

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The potential for ***cream skimming*** can be eliminated by simply requiring CETCs to specify an ETC service area that comprises 100% of the CETC's licensed service area within the state. This step will remove any opportunity for a CETC to pick and choose its points of entry.

The problem of a CETC potentially receiving ***uneconomic support*** can be solved by making clear to states that ILEC requests to disaggregate support in response to competitive entry should be honored. If support is properly disaggregated, CETCs will have an appropriate incentive to use available high-cost support to extend facilities to those areas that will yield higher per-line support amounts and will be precluded from receiving high-cost support in low-cost areas.

IV. Solving the "Problem" of Partial Wire Centers

Because CETC and ILEC boundaries are not congruent, there are often areas within an ILEC study area that cannot be reached by the CETC's facilities. Even when service areas are redefined to the wire center level, sometimes a CETC's licensed service area covers only part of one or more wire centers. Some have expressed concern that if a CETC serves only part of a wire center (or other redefined service area), there exists the possibility of a CETC receiving uneconomic support.

If costs vary within a single wire center, the FCC has provided ILECs with the tools needed to alleviate the possibility of a competitor receiving uneconomic support. ILECs are permitted to specify up to two sub-zones under Path 3 and an unlimited number of sub-zones under Path 2. In wire centers where costs vary widely, if an ILEC properly allocates support it matters not whether a competitor enters only a low-cost or high-cost zone.

Some have stated that when a CETC proposes to serve only a portion of a wire center, people living in the unserved portion are denied the benefits of competitive entry. This is undisputed,[14] but the solution is not to deny the benefits that a CETC is prepared to deliver to its entire service area. The more effective solution is disaggregation of support by ILECs, which properly identifies for competitors the areas within which to enter. With proper disaggregation, the likelihood that the remaining portion of an unserved area will achieve competition is much higher. If the unserved area is a low-cost area, then other carriers licensed to serve there are likely to enter without support (and probably already have). If it is a high-cost area, then other carriers have an incentive to enter as a CETC to gain support.

Properly targeting support to high-cost areas promotes efficient competitive entry and protects the incumbent's most desirable areas. It ensures that competitors receive the appropriate information to decide whether to enter the local exchange market as an ETC. Accurate

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[14] If competitive neutrality is properly taken into account, it is equally undisputed that a wireline ILEC's inability to serve portions of a wireless carrier's entire licensed area similarly deprives customers of the ILEC's competitive service.

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disaggregation ensures that healthy competition in low-cost areas, which is already flourishing, will not be subsidized. In high-cost areas, competitors that can provide quality services will be encouraged to enter.

Some have claimed that if an ILEC service area is disaggregated to the wire-center level, then a competitor should be required to serve throughout the wire center. This solution forms a barrier to entry for competitors and has no corresponding legal or practical advantages. To date, no party has identified a legitimate harm that befalls an incumbent if an competitor serves only part of a wire center.

Yet the consumer harm resulting from disallowing ETC status in those portions of a wire center where a CETC is not licensed to serve would be significant. In many rural areas, a CETC's proposed ETC service area touches numerous ILEC service areas, but may completely cover only a few. If the ETC service area is limited to only those ILECs where it serves the entire study area, a patchwork quilt of service area leads to the following harms:

- Carriers are required to advertise the availability of Lifeline benefits. Advertisements on radio, television, or newspaper do not respect arbitrary boundaries. Customers who would otherwise be eligible for Lifeline will be denied benefits because they live in "ineligible areas".

- Planning network infrastructure development using high-cost support will be much more difficult. For example, new cell-site construction will often overlap non-ETC portions of the service area.

- Customers of the CETC requesting service outside of an ETC area will not receive the same benefits as those within. A CETC will be prohibited from using high-cost funds to improve the service of customers based on an arbitrary line.

Regulators in the several states mentioned above have recognized that no harm befalls ILECs when service area redefinition and study area disaggregation are properly accomplished. Each competitor is free to compete throughout its respective service area and consumers are the beneficiaries. These decisions have been made after full opportunity for hearings and briefings.

V. Disaggregation of Support Will Deliver Market-Driven Competitive Entry.

Discussion of disaggregation leads necessarily to the question of just how many competitors should be permitted to enter in high-cost areas. Some have advocated a threshold above which no competitors should be legally permitted to enter.

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From a public-policy perspective, it would appear counterproductive to limit entry by a lower-cost competitor. The better policy is to encourage the low-cost provider to deliver the supported services so that support levels to an area can be minimized.

If implemented fully, proper disaggregation of high-cost support will send appropriate signals to competitive entrants. In the areas where costs are extreme, there may not be enough customer density to support multiple CETCs; therefore, even the first CETC that seeks to enter will be forced to carefully examine whether service can be provided to all requesting customers.[15] Because of the limited customer base or extreme terrain (or both), a second or third CETC will be unlikely to make a business case for entry with a facilities-based system that serves an entire area. Thus, subsequent competitors are much more likely to forgo ETC status in favor of retaining the option to rely on a combination of facilities and resale of either the incumbent or the first CETC to reach customers requesting service.

In sum, the current system provides a self-correcting, market-driven mechanism to ensure that only the appropriate number of CETCs enter with a 100% facilities-based network. Appropriate disaggregation combined with a requirement to extend service to all consumers upon reasonable request imposes a market discipline that ensures competitors will not enter where business cannot be sustained. It provides consumers in rural areas with as many competitors as the market will bear.[16]

VI. Case Illustration – Highland Cellular

The example of Highland Cellular, Inc., in West Virginia is instructive. Highland has applied for ETC status throughout its licensed ETC service area. The affected ILEC, Frontier Communications, has three study areas in West Virginia. Within each of its three study areas, Frontier has disaggregated support by grouping its wire centers into cost zones. As a result, in the densely populated portions of Highland's proposed ETC service area, it will receive no high-cost support ($0.00). This is appropriate because those areas are served by at least five wireless carriers, each of which may be able to offer service quality levels that permit entry into the local exchange market.

In the sparsely populated portions of its service area, Highland will receive varying amounts of high-cost support, in some cases as much as $38.24 per month. Not coincidentally, some of these areas are completely without wireless service, while others have but one carrier that does not offer service quality sufficient to permit entry into the local exchange market.

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[15] Again, if the CETC is forced to either serve 100% of the ILEC's study area or 100% of its own licensed service area, then such choices cannot be made based upon "picking and choosing" among ILEC service areas.

[16] Recent proposals to restrict competitive entry in areas where per-line support exceeds certain thresholds fundamentally contravene the 1996 Act, which opens all markets to competition. Artificial barriers to entry are not only unlawful, but here, they prevent consumers in high-cost areas from receiving competitive alternatives that might otherwise be available if a lower-cost carrier believed it feasible to enter a market.

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At last count, approximately 79% of Highland's 10,176 lines would receive zero support because they are in low-cost areas. Thus, Highland will continue to receive a small fraction of the support received by the ILECs in its proposed ETC service area unless it is able to penetrate those areas that generate higher levels of support.

Table 1 illustrates the support Highland would receive if the ILEC did not disaggregate support. Note that Frankford and Rupert are in different study areas operated by Frontier-controlled companies. The remaining wire centers are all within the same Frontier study area:

Table 1

Wire Center Name	Number of Customers	Support Available	Total
Athens	686	$11.92	$8,177.12
Bluefield	3,470	$11.92	$41,362.40
Bluewell	640	$11.92	$7,628.80
Bramwell	113	$11.92	$1,346.96
Matoaka	239	$11.92	$2,848.88
Oakvale	198	$11.92	$2,360.16
Princeton	4,521	$11.92	$53,890.32
Frankford	282	$37.72	$10,637.04
Rupert	27	$16.80	$453.60
			Total: $128,705.28

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Table 2 illustrates the support Highland will actually receive, taking into account Frontier's disaggregation plan:

Table 2

Wire Center Name	Number of Customers	Support Available	Total
Athens	686	$38.24	$26,232.64
Bluefield	3,470	$0.00	$0.00
Bluewell	640	$20.44	$13,081.60
Bramwell	113	$20.44	$2,309.72
Matoaka	239	$38.24	$9,139.36
Oakvale	198	$38.24	$7,571.52
Princeton	4,521	$0.00	$0.00
Frankford	282	$34.04	$9,599.28
Rupert	27	$23.80	$642.60
			Total: $68,576.72

As shown above, Highland receives no support in low-cost areas and its total level of support is roughly half of what it would be if the ILEC had not disaggregated. If Highland wishes to gain support, it can only do so by constructing facilities in the high-cost zones, which is precisely where a competitor should be focused – on consumers who currently have the fewest telecommunications choices.

These tables also demonstrate why it is not necessary for a CETC to serve an entire ILEC study area. The wire centers listed represent 100% of where Highland is licensed to serve, but are only a subset of the ILEC's study area. The remaining areas within the state, assuming they are also disaggregated, provide identical incentives for other carriers to enter as CETCs. If those areas are low-cost, then competition is likely already there. If they are high-cost, then disaggregation by the ILEC has provided support levels that will hopefully encourage other CETCs to enter the local exchange market.

VII. Consumers are Harmed when Resale is Required in Areas Where a Carrier is Not Licensed to Serve.

Some have advocated that a CETC should be required to offer services via resale in those areas of an ILEC's service area where it is not licensed to serve. There are numerous reasons why such an approach does not serve consumers' interests.

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Imposing a resale requirement for CETCs would ignore the 1996 Act's goal of promoting facilities-based competition.[17] It would also directly contradict the FCC's conclusion that a primary benefit of competitive entry in rural areas is "the deployment of new facilities and technologies" as well as the creation of an "incentive to the incumbent rural telephone companies to improve their existing network to remain competitive."[18]

Because the FCC's rules no longer require wireless carriers to resell their services, a CETC is by no means assured of the continued cooperation of other wireless carriers or the ability to resell facilities pursuant to reasonable rates, terms, and conditions. Outside of its own licensed service area, a CETC would not be able to control other carriers' wireless networks or service quality, leaving the CETC unable to provision service, improve service, or make any necessary network adjustments to provide an appropriate level of service to requesting consumers. High-cost support could not be used to improve facilities in the areas subject to resale. The CETC would not be able to ensure that it could meet any ETC commitments, such as E-911 or toll limitation. The CETC could waste substantial portions of its high-cost support attempting to offer a resold wireline service to customers, which is truly no choice at all. Some states require a carrier to be a CLEC before it can resell ILEC service.

In sum, any requirement to provide resold services can only be properly applied within the CETC's licensed service area, where it has an incentive and ability to construct facilities. If a customer is not satisfied with resold service, the carrier would have the option (or perhaps be required) to construct facilities to provide appropriate service quality. Resale outside of a carrier's licensed area provides no consumer benefit.

VIII. Conclusion

The RTF, Joint Board and FCC have carefully developed service area redefinition policies that advance universal service and promote competition so that rural consumers may access to same kinds of choices as those that are available to people living in urban areas, in furtherance of Section 254 of the Act. Many states, including Colorado, Minnesota, West Virginia, New Mexico, Washington, Maine, and Arizona have implemented these policies to the benefit of consumers. RCA believes that regulators must build on these policies to ensure that competitors have a fair opportunity to enter all markets expeditiously to the benefit of consumers.

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[17] *See U.S. Telecom Ass'n v. FCC*, 290 F.3d 415, 424 (D.C. Cir. 2002).

[18] *See Western Wireless Corp.*, 16 FCC Rcd 48, 55 (2000). *See also* Remarks of Michael K. Powell, Chairman, Federal Communications Commission, at the Goldman Sachs Communicopia XI Conference, New York, NY (Oct. 2, 2002) ("Only through facilities-based competition can an entity bypass the incumbent completely and force the incumbent to innovate to offset lost wholesale revenues.")

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Definitions

Study area: A study area is a geographic segment of a carrier's telephone operation. Generally a study area represents a carrier's entire operation within a state. Thus, carriers that operate in more than one state typically have one study area for each state while carriers operating in a single state have a single study area. Carriers perform their jurisdictional separations at the study area level. For jurisdictional separations purposes, the Commission froze study area boundaries effective November 15, 1984.

Service area: A geographic area established by a state commission for the purpose of determining universal service obligations and support mechanisms. A service area defines the overall territory for which the carrier shall receive support from federal universal service support mechanisms. In the case of a service area served by a rural telephone company, service area means such company's "study area" unless and until the FCC and the states, after taking into account recommendations of the Joint Board, establish a different definition of service area for such company. 47 U.S.C. § 214(e)(5); 47 C.F.R. § 54.207(b).

Service Area Redefinition. Redefining the area within which a carrier has universal service obligations. It does not affect the way a carrier conducts business, nor does it change the way that costs are calculated for purposes of determining the incumbent's high-cost support levels. Service area redefinition is sometimes confused with study area disaggregation, which is the process of reallocating high-cost support within a carrier's study area.

Wire center: The location of a local switching facility containing one or more central offices. The wire center boundaries define the area in which all customers served by a given wire center are located.

Exchange: A unit established by a telephone company for the administration of communications service in a specified area which usually embraces a city, town or village and its environs. It consists of one or more central offices together with the associated facilities used in furnishing communications service within that area. In some states and ILEC territories, "exchange" is synonymous with "wire center."

Cream skimming: In the context of universal service, cream skimming could occur if the CETC deliberately entered only the lower-cost portions of a rural ILEC's service area in order to receive per-line support that is averaged over a large area.

Uneconomic support: A CETC receives uneconomic support when it commits to serve its entire licensed service area but is only licensed to serve the lower-cost portions of a rural ILEC's service area, resulting in the receipt of higher per-line support that is averaged over a large area.

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